

Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs: Key Issues and Concerns

***Presentation to the
State Pharmaceutical Assistance Transition Commission***

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Study Description

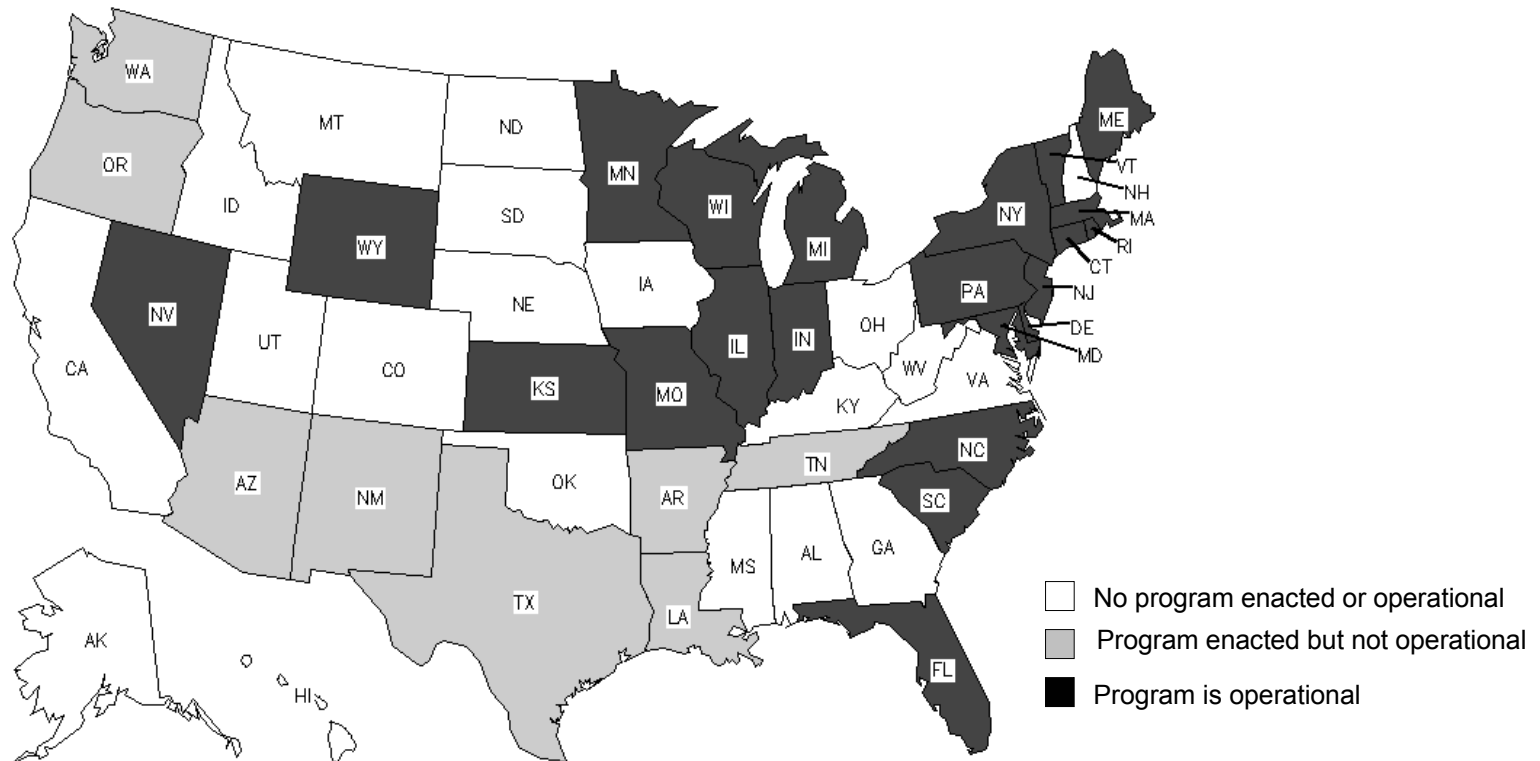
- Three year study of state pharmacy assistance programs funded by The Commonwealth Fund.
- Study design
 - Longitudinal survey of SPAPs, 2000-2003.
 - In-depth case studies of eight subsidy programs and six state discount cards in 2002/2003 on program design, enrollment and participation rates, and cost containment strategies.
 - Telephone interviews in Spring 2004 with 17 states re: Medicare coordination of benefit issues and discount card experience.
 - Published reports and forthcoming publications.

Overview of Presentation

- Describe how State Pharmacy Assistance Programs (SPAPs) compare and contrast with Medicare Part D benefit and low-income subsidies.
- Discuss supplemental Part D options being considered and anticipated challenges.
- Describe lessons learned from existing third party payment collection and coordination with Medicare discount cards and some preliminary recommendations for Part D.

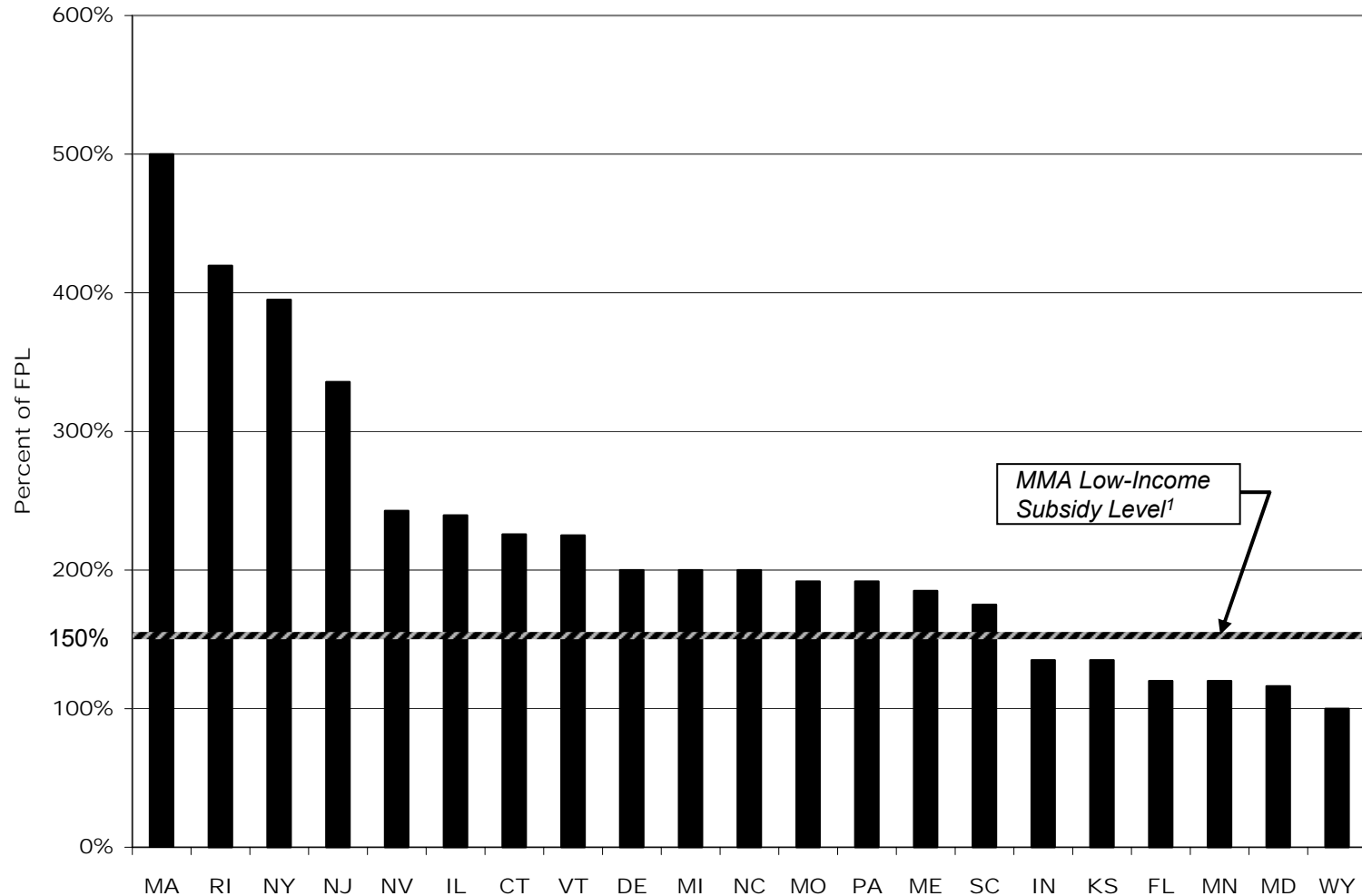
How Many States Have SPAPs?

Direct Benefit Programs, 2003



Source: Trail T, Fox, K, Cantor, J, Silberberg, M, Crystal, S. State Pharmacy Assistance Programs: A Chartbook. Commonwealth Fund, New York, NY, publication forthcoming. Data from National Conference of State Legislatures' web site: *State Pharmaceutical Assistance Programs, 2003 Edition*, <http://www.ncsl.org/programs/health/drugaid.htm>. August 27, 2003.

How SPAPs Compare with Medicare Part D and Low-Income Subsidies



Source: Trail, T., Fox, K., Cantor, J., Silberberg, M., Crystal, S. State Pharmacy Assistance Programs: A Chartbook. The Commonwealth Fund, New York, NY, Publication forthcoming.

How SPAPs Compare with Part D and Low-Income Subsidies

- Cost-sharing varies by state (see Table 1 in handouts)
- Basic Part D coverage generally requires more cost-sharing than many SPAPs (i.e. enrollees who spend less than \$5100/yr on drugs)
- Medicare Part D low-income subsidies generally provide coverage equivalent or better than that provided by SPAPs.
- With no asset test in most states, estimating low-income subsidy eligibility will be a challenge for states.

How SPAPs Compare with Part D and Low-Income Subsidies (cont.)

- Medicare drug formularies likely to be more limited than most SPAPs, with the exception of a few states that limit coverage to drugs for certain conditions.
- SPAPs have extensive pharmacy networks, Medicare private plans may be more limited (e.g. discount card experience).

SPAP Future Plans Coordinating with Medicare Rx Benefit

- Most SPAPs plan to continue some low-income drug coverage in 2006.
- Still considering Part D options; most states focusing on coordinating with Medicare discount cards in 2004.
- Few states had considered lump sum payment option.
- Options for 2006 being considered include:
 - Paying all or portion of premiums.
 - Wrapping around cost-sharing to current state cost-sharing.
 - Providing coverage during the 'donut-hole' (e.g. Missouri).
 - Wrapping around formularies.

Anticipated Challenges for SPAPs in Coordinating with Part D

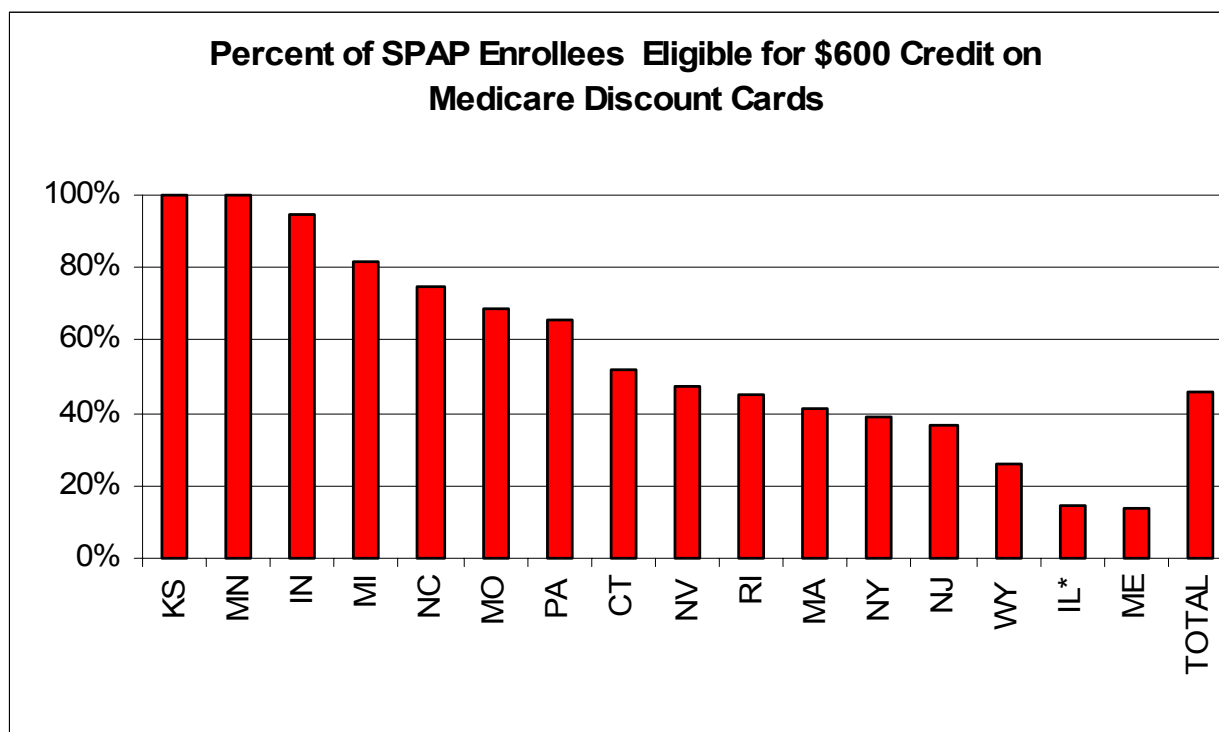
Enrollment Challenges

- Getting SPAP enrollees to voluntarily enroll.
- Gathering asset information to determine eligibility for low-income subsidies.
- For SPAPs that are managed by departments other than the Medicaid agency, conducting eligibility determination through Medicaid may be further deterrent for SPAP enrollees.

Coordination of Benefit Challenges

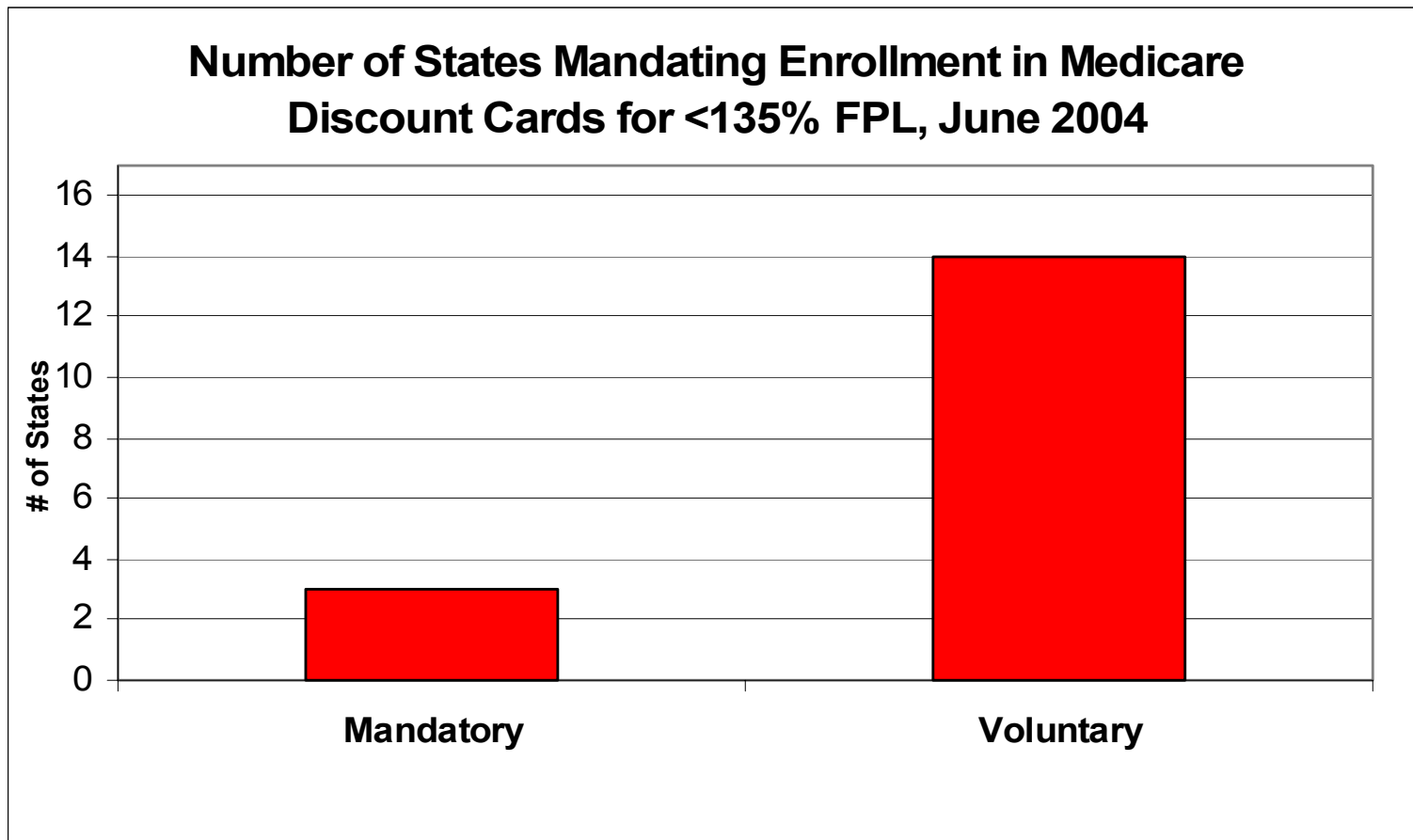
- Real-time information sharing with multiple plans.
- Point-of-sale duplicate billing and enforcement.
- Coordinating sliding scale premium payments with CMS.

SPAP Experience Coordinating with Medicare Drug Discount Cards



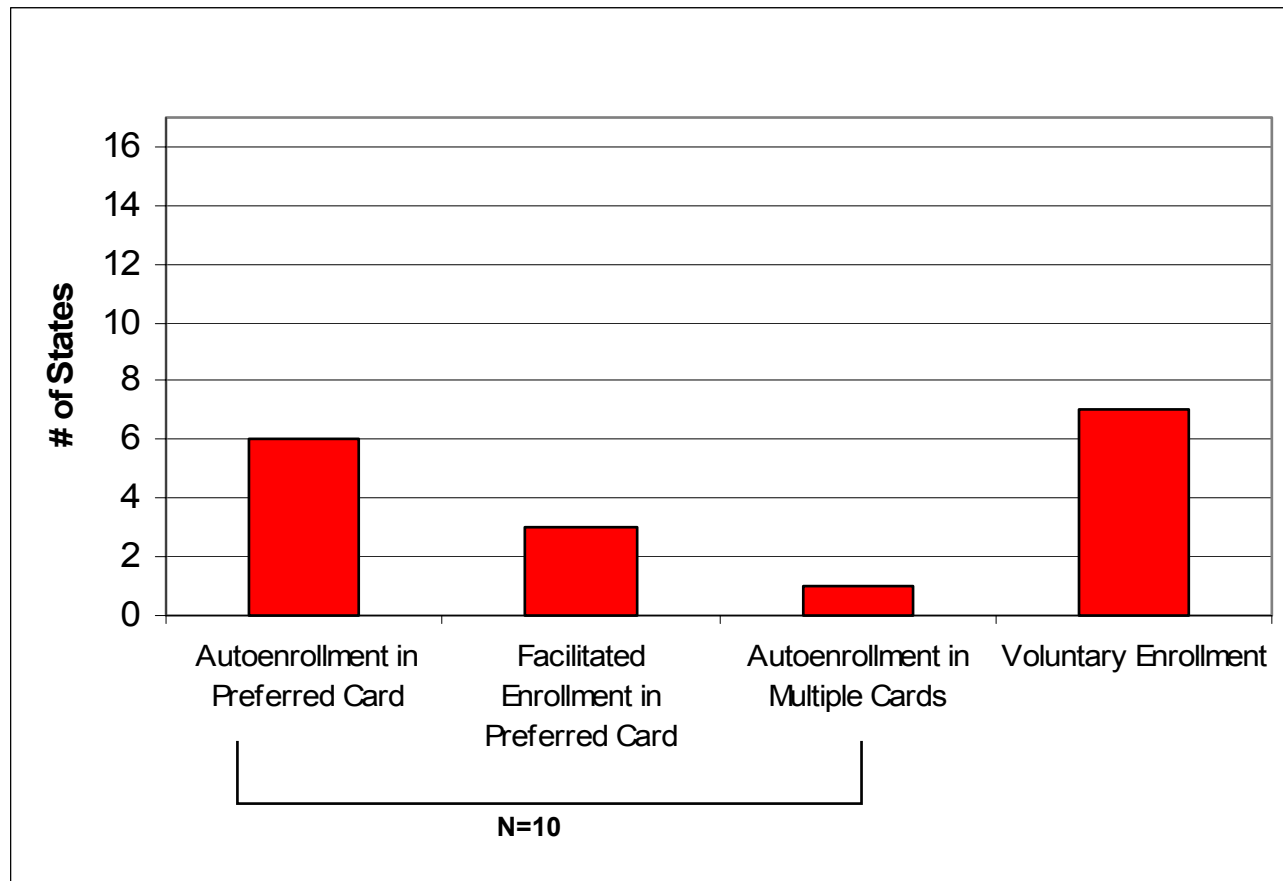
Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Few States Mandating Enrollment in Discount Cards



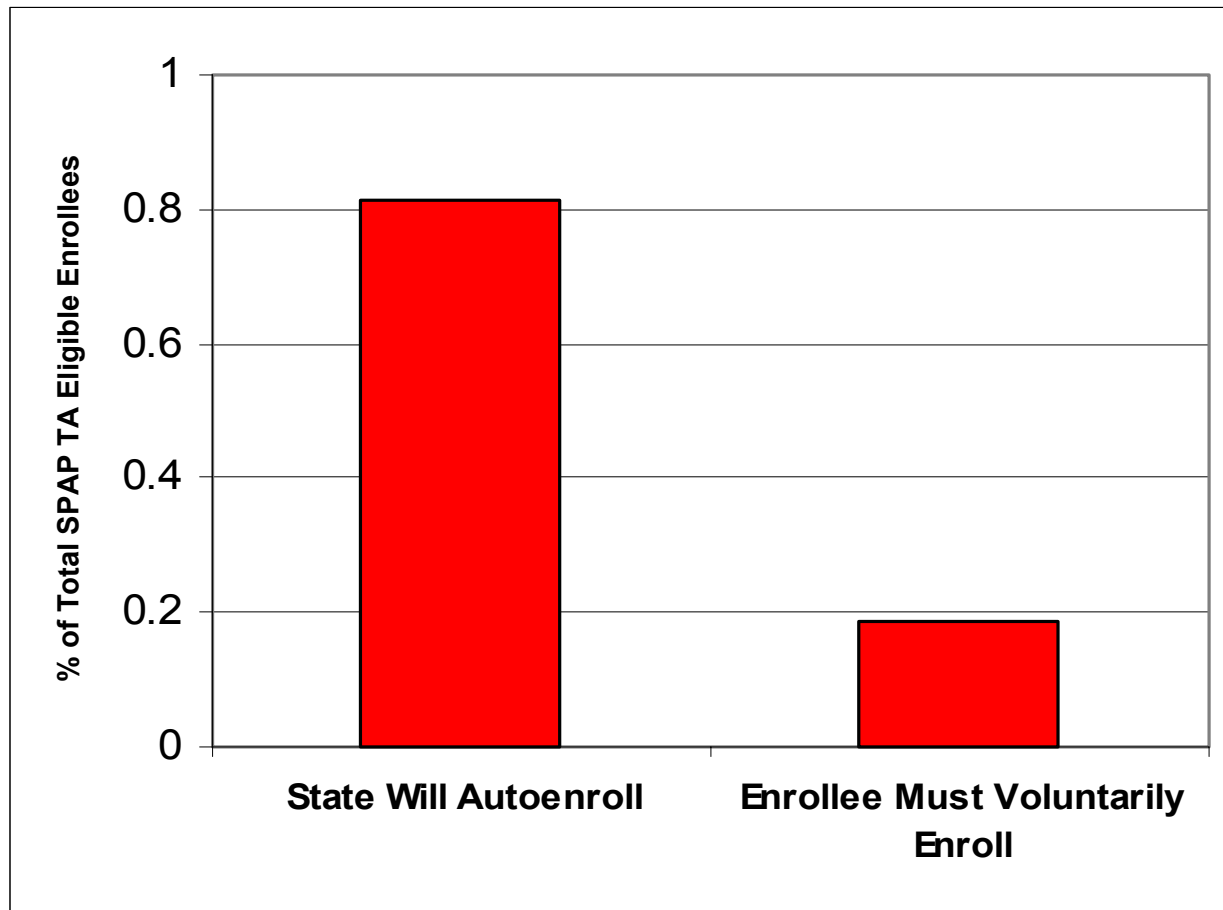
Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

More than Half of SPAPs Working with a Preferred Discount Card and/or Autoenrolling



Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Vast Majority of TA Eligible SPAP Enrollees Will be Autoenrolled



Source: Fox, K, Crystal, S. Coordinating Medicare Prescription Drug Benefits with State Pharmacy Assistance Programs. New York, NY; The Commonwealth Fund, publication forthcoming.

Coordination Lessons from Discount Card and 3rd Party Collection Experience

- Autoenrollment very successful and transparent to enrollees. Commission may want to consider encouraging a similar approach for Part D.
- Both in the Medicare discount card and in pursuing 3rd party liabilities from other payers, claims coordination requires duplicate billing by pharmacies.
 - Relies on pharmacies to comply and have not always been cooperative.
 - May require additional audits/oversight by states to enforce.
 - Need to identify alternative approaches.
- Success of discount cards reliant on accurate, timely information sharing with CMS. May want to consider similar centralized information sharing/verification for Part D.
- States that pursue third party recoveries have found that even with strict statutes, not easy to get information from private insurers and have had to pay brokers to collect information.

Policy Implications for SPAP Transition Commission's Work

- The more plans, the more difficult to coordinate benefits.
- Administrative hassles could deter states from providing gap-filling coverage. Coordination of benefits should be designed to minimize crowd-out of current state contributions.
- Centralized information sharing through CMS.
- Autoenrollment efficient mode for getting people enrolled.
- Need for continued monitoring of discount card implementation particularly related to processing eligibility, duplicate billing, tracking disenrollment and monitoring spend-down.